

# MAINE WORKERS' COMPENSATION BOARD COMPLIANCE AUDIT REPORT

April 4, 2000

Arrow Hart/Cooper Industries  
1 Cressey Road  
Brunswick, Me 04011

**Claims Covered by Audit:** 1998 Dates of Injury

**Companies Covered by Audit:**

Arrow Hart/Cooper Industries Self-Insured/Self-Administered (S356)

**Examination by:** Marlene Swift, Auditor

**Reviewed and Approved by:** Steven Minkowsky, D.D.B.A.

The results of the audit and the procedures followed have been explained to:

<b>Name:</b>	<b>Title:</b>	<b>Date:</b>
Mike Mininger	Operations Manager	Various
John McCarthy	Adjuster (Dunlap Claims Mgmt.)	Various

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## SUMMARY

The Audit Division of the Maine Workers' Compensation Board examined all claim files for the period under examination (1998) to determine compliance with statutory and regulatory requirements in the following areas:

- Form filing
- Timeliness of indemnity payments
- Accuracy of indemnity payments

Our audit revealed:

Arrow Hart/Cooper Industries was self-insured and self-administered during 1998. The employee who handled workers' compensation claims during that time no longer works for the company. Dunlap Claims Management Service now serves as the TPA for Arrow Hart, and they were very helpful during this audit.

- Form filing compliance ranged from 0% to 100%. Only two controverted claims were reported to the Board prior to notice of audit. Upon notice of audit, Dunlap reviewed Arrow Hart's workers' compensation records and was able to identify two additional injuries that should have been reported to the Board. They promptly filed those claims along with the appropriate paperwork. The Audit Division identified one more reportable claim at the time of audit, and Dunlap has since reported that injury to the Board.
- It was also noted that WCB-1 (First Report) forms were not found in Arrow Hart's "medical-only" files for 1998 claims. We were assured that this practice has since been corrected.
- Arrow Hart had only one compensable lost-time claim during 1998. Although the claim was not reported to the Board in a timely manner, all payments to the injured employee were made timely.
- No problems were identified in the methods used to determine average weekly wages and benefit rates.

## PENALTIES

### A. Maximum Penalties Allowed by Law

♦ 39-A M.R.S.A. Sec. 359(2)

"In addition to any other penalty assessment permitted under this Act, the board may assess civil penalties not to exceed \$10,000 upon finding, after hearing, that an employer, insurer or 3<sup>rd</sup>-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims. The board shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt. This certification by the board is exempt from the provisions of the Maine Administrative Procedure Act."

♦ 39-A M.R.S.A. Sec. 360(1)(A)

"The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete any report or form required by this Act or rules adopted under this Act;"

♦ 39-A M.R.S.A. Sec. 360(1)(B)

"The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete such a report or form within the time limits specified in this Act or rules adopted under this Act."

Eight (8) forms were filed late (\$800.00).

♦ 39-A M.R.S.A. Sec. 360(2)

"The board may assess, after hearing, a civil penalty in an amount not to exceed \$1,000 for an individual and \$10,000 for a corporation, partnership or other legal entity for any willful violation of this Act, fraud or intentional misrepresentation. The board may also require that person to repay any compensation received through a violation of this act, fraud or intentional misrepresentation or to pay any compensation withheld through a violation of this Act, fraud or misrepresentation, with interest at the rate of 10% per year.



## INDEMNITY BENEFITS

### A. Prompt Initial Payment of Benefits

			1998	
			Number	Percent
Check Mailed Within:				
0-14	Days	Compliant	1	100%
Total Due			1	100%

### B. Prompt Subsequent Payment of Benefits

			1998	
			Number	Percent
Check Mailed Within:				
0-7	Days	Compliant	3	100%
Total Due			3	100%

### C. Accuracy of Average Weekly Wage

			1998	
			Number	Percent
Calculated:				
Correct		Compliant	1	100%
Total			1	100%

### D. Accuracy of Weekly Benefit Rate

			1998	
			Number	Percent
Calculated:				
Correct		Compliant	1	100%
Total			1	100%

## FORM FILING

### A. First Report (WCB-1)

		1998	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	2	40%
Not Filed		3	60%
Total		5	100%

### B. Wage Statement (WCB-2)

		1998	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Not Filed		1	100%
Total		1	100%

### C. Schedule of Dependent(s) and Filing Status Statement (WCB-2A)

		1998	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Not Filed		1	100%
Total		1	100%

### D. Memorandum of Payment (WCB-3)

		1998	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Not Filed		1	100%
Total		1	100%

## FORM FILING (Continued)

### E. Discontinuance or Modification (WCB-4)

		1998	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Not Filed		1	100%
Total		1	100%

### F. Notice of Controversy (WCB-9)

		1998	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	2	100%
Filed Late		0	0%
Total		2	100%

### G. Statement of Compensation Paid (WCB-11)

		1998	
		Number	Percent
Received at the Board:			
Filed	<b>Compliant</b>	0	0%
Not Filed		1	100%
Total		1	100%